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PP RUEHBC RUEHDE RUEHKUK RUEHROV  
DE RUEHTRO #0978 3241621  
ZNR UUUUU ZZH  
P 201621Z NOV 07  
FM AMEMBASSY TRIPOLI  
TO RUEHC/SECSTATE WASHDC PRIORITY 2846  
INFO RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RHMFIUU/DEPT OF ENERGY WASHINGTON DC  
RUEHEE/ARAB LEAGUE COLLECTIVE  
RUEHVT/AMEMBASSY VALLETTA PRIORITY 0224  
RUEHFR/AMEMBASSY PARIS PRIORITY 0361  
RUEHLO/AMEMBASSY LONDON PRIORITY 0665  
RUEHRO/AMEMBASSY ROME PRIORITY 0337  
RUEHTRO/AMEMBASSY TRIPOLI 3273

UNCLAS TRIPOLI 000978

SIPDIS

SENSITIVE  
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DEPT FOR NEA/MAG; COMMERCE FOR MASON; ENERGY FOR ERICKSON

E.O. 12958: N/A

TAGS: [ECON](#) [EINV](#) [EPET](#) [ENRG](#) [LY](#)

SUBJECT: EXXONMOBIL ADDS NEW OFFSHORE ACREAGE

¶1. (SBU) ExxonMobil has clinched a deal with Libya's National Oil Corporation to increase its acreage in the country by about fifty percent. The soon-to-be announced deal is for a giant offshore bloc adjacent to another it secured in the December 2006 Exploration and Production Sharing Agreement (EPSA) bidding round. The latest move marks another step for ExxonMobil towards regaining a major share in the Libyan market, which it dominated before it left the country in 1986.

¶2. (SBU) Econoff learned on November 20 that ExxonMobil will announce soon that it was awarded today a vast new offshore area to explore for hydrocarbon resources. The area in question covers more than 2.5 million square acres, and is located roughly 100 miles off the central Libyan coast. The new area is said to be in deep water, requiring world-class deepwater operations that are performed by only a handful of international oil companies. The parcel, referred to as Area 21, is adjacent to another identically-sized concession awarded to ExxonMobil as part of the Exploration and Production Sharing (EPSA) bid round process that concluded in December 2006. ExxonMobil had previously secured another large offshore parcel (area 44), located along the Egyptian-Libyan maritime border, in the EPSA bid round that concluded in October 2005.

¶3. (SBU) Post has learned that the workplan for this area will be substantial, to include 4,000km of 2D seismic, 2,000km of 3D seismic and the drilling of at least one well. Terms of a signing bonus, production share and other features of the deal were not disclosed.

¶4. (SBU) Comment: While significant, particularly in terms of the quantity of more labor-intensive and costly 3D seismic, this set of requirements is significantly smaller in scope than that attendant to ExxonMobil's winning bid in the most recent EPSA round in December 2006 (20,000km of 2D, 1,000km of 3D, 4 wells, and a \$10 million signing bonus). The formal EPSA bid rounds have become increasingly competitive since they were inaugurated in January 2005. The less demanding requirements for the Area 21 deal underscore the potential advantages for IOC's of concluding deals outside the EPSA rubric. Securing Area 21 also places ExxonMobil in the top tier of offshore operators in Libya and marks the company's return to the head of the pack in a market it first opened to oil and gas operations with the discovery of Libya's first viable oilfield in 1960. End comment.

STEVENS